

NATIONAL RECOVERY ADMINISTRATION

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AMENDMENT TO  
CODE OF FAIR COMPETITION  
FOR THE  
**WOOL TEXTILE INDUSTRY**

AS APPROVED ON JANUARY 23, 1934



UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON: 1934

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Approved Code No. 3—Amendment No. 1

## AMENDMENT TO CODE OF FAIR COMPETITION

FOR THE

### WOOL TEXTILE INDUSTRY

As Approved on January 23, 1934

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#### ORDER

#### APPROVING AMENDMENT TO CODE OF FAIR COMPETITION

FOR THE

### WOOL TEXTILE INDUSTRY

An application having been duly made pursuant to and in full compliance with the provisions of Title I of the National Industrial Recovery Act, approved June 16, 1933, for approval of amendments to a Code of Fair Competition for the Wool Textile Industry, and hearings having been duly held thereon and the annexed report on said amendments, containing findings with respect thereto, having been made and directed to the President:

NOW, THEREFORE, on behalf of the President of the United States, I, Hugh S. Johnson, Administrator for Industrial Recovery, pursuant to authority vested in me by Executive Orders of the President, including Executive Order No. 6543-A, dated December 30, 1933, and otherwise; do hereby incorporate, by reference, said annexed report and do find that said amendments and the Code as constituted after being amended comply in all respects with the pertinent provisions and will promote the policy and purposes of said Title of said Act, and do hereby order that said amendments be, and they are hereby, approved, and that the previous approval of said Code is hereby modified to include an approval of said Code in its entirety as amended,

Provided, however, that the Administrator may appoint a representative or representatives upon each of the Sub-Code Authorities created under Article XII of said amendments, and

Provided, further, that if the Administrator shall determine that any action of a Code Authority or any agency thereof is unfair or

unjust or contrary to the public interest, the Administrator may require that such action be suspended for a period of not to exceed thirty (30) days to afford an opportunity for investigation of the merits of such action and further consideration by such Code Authority or agency pending final action, which shall be taken only upon approval by the Administrator.

These amendments shall become effective ten (10) days after date hereof.

HUGH S. JOHNSON,  
*Administrator for Industrial Recovery.*

Approval recommended:

A. D. WHITESIDE,  
*Division Administrator.*

WASHINGTON, D.C.,  
*January 23, 1934.*

THE PRESIDENT,  
*The White House.*

## INTRODUCTION

SIR: This is a report on the Hearing of the Amendments to the Code of Fair Competition for the Wool Textile Industry.

The hearing was held in the Carlton Hotel, Washington, D.C., on December 8, 1933.

The Amendments were presented by duly qualified and authorized representatives of the above industry, complying with the statutory requirements, as represented by fully 80 percent of the wool textile machinery including both looms and spindles.

## RÉSUMÉ OF AMENDMENTS

The amendments proposed may be classified into four parts:

### I. CHANGES TO BE MADE IN THE ORIGINAL CODE

The definition in the original code is amended to make the code all inclusive of the various divisions of the wool textile industry.

The original code contained no method of assessing employer for any of the expenses. Consequently, a provision is proposed so that employers may be assessed within the limits allowed by the Recovery Act.

A provision limiting the hours of office employees is proposed by changing the original Article III.

### II. ADMINISTRATION

In the Executive Order dated July 26, there appeared a condition as follows:

"(1) To effectuate further the policies of the Act, a Wool Textile Industry Committee be created to cooperate with the Administrator as a Planning and Fair Practice agency for the Wool Textile Industry, which Committee shall consist of five representatives of the Wool Textile Industry elected by a fair method of selection, to be approved by the Administrator, and three members without vote appointed by the Administrator."

The amendments attached hereto contain administrative provisions allowing the various subdivisions of the wool textile industry to operate in the most convenient and constructive manner.

All divisions of the wool textile industry are included in this code but it is recognized that the problems of some of the branches of the industry are not comparable with the problems of other branches. Consequently, subcode authorities have been created to care for the individual problems of each of the well-defined branches of the industry.

### III. FAIR TRADE PRACTICES

The amendments propose several fair trade practices which are applicable to all of the divisions of the industry. At a later date the subcode authorities will propose fair trade practices which shall apply only to their division.

## IV. ARBITRATION

The wool and worsted manufacturers have been operating under the rules of the American Arbitration Association for several years and are now incorporating arbitration provisions in their code, both for arbitrating disputes between buyers and sellers and disputes between themselves concerning the rules and regulations that appear in the code.

## FINDINGS

The Deputy Administrator in his final report to me on said amendments to said Code having found as herein set forth and on the basis of all the proceedings in this matter:

I find that:

(a) The amendments to said Code and the Code as amended are well designed to promote the policies and purposes of Title I of the National Industrial Recovery Act including the removal of obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof, and will provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups, by inducing and maintaining united action of labor and management under adequate governmental sanction and supervision, by eliminating unfair competitive practices, by promoting the fullest possible utilization of the present productive capacity of industries, by avoiding undue restriction of production (except as may be temporarily required), by increasing the consumption of industrial and agricultural products through increasing purchasing power, by reducing and relieving unemployment, by improving standards of labor, and by otherwise rehabilitating industry.

(b) The Code as amended complies in all respects with the pertinent provisions of said Title of said Act, including without limitation Subsection (a) of Section 3, Subsection (a) Section 7, and Subsection (b) of Section 10 thereof.

(c) The National Association of Wool Manufacturers was and is an industrial association truly representative of the aforesaid Industry and that said association imposed and imposes no inequitable restrictions on admission to membership therein and has applied for or consents to this amendment.

(d) The amendments and the Code as amended are not designed to and will not permit monopolies or monopolistic practices.

(e) The amendments and the Code as amended are not designed to and will not eliminate or oppress small enterprises and will not operate to discriminate against them.

(f) Those engaged in other steps of the economic process have not been deprived of the right to be heard prior to approval of said amendments.

For these reasons, these Amendments have been approved.

Respectfully,

HUGH S. JOHNSON,  
*Administrator.*

JANUARY 23, 1934.

## AMENDMENT TO CODE OF FAIR COMPETITION

### FOR THE

### WOOL TEXTILE INDUSTRY

Pursuant to Article X of the Code of Fair Competition for the Wool Textile Industry, approved by the President July 26, 1933, said Code is hereby amended in the following manner:

#### I

The first paragraph of Article I shall be modified by deleting the word "sales" from the words "worsted sales yarn (Bradford System)", "worsted sales yarn (French System)", and "carded sales yarn"; by adding after the words "carded sales yarn" the words "not including carpet or underwear yarn"; and by adding after the word "carbonizing" the words "topmakers, the sale of fabrics in the piece by members of the Industry and/or their agents"; so that the whole paragraph shall read:

"I. *Definitions.*—As used herein the term 'wool textile industry' shall include the following branches: Manufacture of worsted men's wear, worsted women's wear, carded men's wear, carded women's wear, blankets, cotton warp fabrics, reworked wool, knitted woolen goods, worsted yarn (Bradford System), worsted yarn (French System), carded yarn not including carpet or underwear yarn, and combing, wool scouring and carbonizing, top-makers, the sale of fabrics in the piece by the members of the Industry and/or their agents, and such other related branches as may from time to time be included under the provisions of this Code."

#### II.

The first paragraph of Article III shall be modified by substituting for the word "office" the words "office employees receiving more than \$30.00 per week" and by adding at the end of said paragraph the sentence: "No office employee receiving \$30.00 a week or less shall work over forty-eight hours in any one week or more than forty hours per week averaged over a thirteen-week period"; so that the whole paragraph shall read:

"*Hours of Labor.*—On and after the effective date no employer shall employ any employee in excess of forty hours per week, this, however, not to apply to hours of labor for repair-shop crews, engineers, electricians, firemen, office employees receiving more than \$30.00 per week, sales and supervisory staff, shipping, watching, and

outside crews. No office employee receiving \$30.00 a week or less shall work over forty-eight hours in any one week or more than forty hours per week averaged over a thirteen-week period."

### III.

Article VI shall be amended by adding at the end thereof the following paragraph:

"The Association may assess any employer, at such intervals as the Association shall determine, his pro-rata share (subject to approval of the Administrator) of the expense of collecting and receiving such reports and of compiling and forwarding to the President the substance thereof."

### IV.

The following Articles shall be added to and made a part of the Code:

#### "ARTICLE XII—ADMINISTRATION

"SECTION 1. *Designation of Divisions of the Industry.*—Every person engaged in the Wool Textile Industry, who manufactures or sells any product or engages in any activity as listed in Schedule 1 under a designated Division of the Industry shall, as to each product or activity, operate under the rules formulated for the Division into which that product or activity falls, and shall be a member of that Division. The Board of Directors of the National Association of Wool Manufacturers may, from time to time, amend Schedule 1 to consolidate Divisions, create new Divisions, subdivide old Divisions, or add new products or activities to old Divisions to the extent that changes in circumstances require such amendment. Any such amendment shall be subject to appeal to the Code Authority by an interested person, and shall in no event be retroactive.

"SEC. 2. *Organization and Constitution of Code Authority and Sub-Code Authorities:*

"(a) In accordance with the Executive Order of July 26, 1933, a Wool Textile Industry Committee (hereinafter called the 'Code Authority') is hereby constituted to cooperate with the Administrator in the administration of this Code. The Code Authority shall consist of six (6) representatives of the Industry elected by a fair method of selection, to be approved by the Administrator, and not more than three (3) members without vote to be appointed by the Administrator and to serve without expense to the Industry. Upon the election of the six members by the Industry, as provided above, the Code Authority shall be duly constituted and shall function as herein set forth, whether or not the Administrator shall have appointed the additional members.

"(b) The Code Authority shall adopt its own rules and/or methods of procedure and may appoint such officers or agencies as it may deem necessary properly to carry out its duties in the administration of this Code. It may delegate to a special Sub-Code Authority of any Division of the Industry listed in Schedule 1 its powers and



duties in the administration of all articles of this Code or supplementary codes relating to trade practices of that Division. The Sub-Code Authority for each Division of the Industry shall consist of not less than three (3) members and/or representatives of that Division elected by majority vote of the members of such Division and to serve for such periods as the Division may determine.

“(c) The members of each Division or Sub-Division may adopt their own rules and/or methods of procedure, not inconsistent with the Act or with the Code or with the Bylaws of the National Association of Wool Manufacturers. Members of each Division or Sub-Division may propose rules of practice or of merchandising relating to uniform terms, standard sales contracts, sales below cost, the filing of prices, competitive practices, etc., for their Division or Sub-Division, amplifying for that Division or Sub-Division the provisions of Article XIII hereof in order to promote fair competition; subject to the approval of the Administrator, such rules of practice and such merchandising rules, when approved by three-fourth vote of the members of the Division or Sub-Division affected, by the Sub-Code Authority of that Division, and by the Code Authority, shall be binding upon all members of that Division. Changes may be made in any such rules in the same manner in which the original rules were adopted.

“(d) For the purposes of this Section, the three quarter vote may be either: (1) three quarters of those voting at a meeting of members of the Division or Sub-Division duly called for consideration of the rules; or (2) three quarters of those voting on mailed ballots sent to addresses of the members of the Division or Sub-Division at least ten days prior to the day on which such ballots are to be counted. No action by mail ballot shall be binding unless affirmative ballots are received from at least one third of those to whom ballots are sent.

#### “SEC. 3. *Appeals*:

“(a) Any interested party shall have the right of complaint to the Code Authority or the Sub-Code Authority, and shall be given a prompt hearing and decision thereon, under the rules of procedure of such body, in respect to the fairness of any rule of practice of merchandising adopted for a Division or Sub-Division of which he is a member.

“(b) Any interested party shall have the right of appeal to the Administrator, under such rules and regulations as the Administrator shall prescribe in respect to any decision, regulation, or order made by the Code Authority or Sub-Code Authority under the foregoing paragraph.\*

#### “ARTICLE XIII—UNFAIR TRADE PRACTICES

“For the purposes of this Code, the following shall constitute unfair trade practices forbidden to all members of the Industry:

“1. Selling at terms different from those prescribed by the rules of the Division or Sub-Division or granting to any customer secret rebates, subsidies, commissions, or advertising credits.

\* See paragraph 2 of order approving this amendment.

"2. Granting (excepting in connection with Government contracts) options or reservations or selling 'at value,' or guaranteeing prices against either advances or declines.

"3. Shipping goods on consignment, except as may be provided for in a Division or Sub-Division merchandising plan.

"4. Improperly marking perfect goods as 'seconds' or otherwise.

"5. Publishing or distributing any advertising which is misleading or inaccurate in any material particular, or in any way misrepresenting any goods, or values, policies, services, or the nature or form of the business conducted.

"6. Manufacturing or selling any article in imitation of a competitor's package, trade mark, or trade name, or selling from a competitor's samples.

"7. Failing to print on copy of contract or order the standard sales contract provisions required by Division or Sub-Division rules.

"8. Performance of commission work by any employer as an incidental function outside his regular recognized activities, without complying with his merchandising plan in force for the Division or Sub-Division covering such commission work.

#### "ARTICLE XIV—ARBITRATION

"1. The Sub-Code Authority of each Division of the Industry is directed to appoint a Panel consisting of as many persons as it deems proper (not limited to members of the Division), to be known as the Panel on Trade Disputes and Unfair Practices of the Division.

"2. The Panel shall have jurisdiction to hear, on the complaint of any interested person, any dispute, or controversy relating to a violation of any trade practice provision of this Code, which may effect that Division, or to a violation of the rules of practice or merchandising for that Division.

"Immediately upon receipt of such complaint in writing a list of members of the Panel shall be submitted to the party or parties involved who may cross off from the list names of persons to whom objection is made. The Sub-Code Authority will then select a committee from the remaining members of the Panel consisting of not less than three (3) or more than seven (7) to hear the complaint and to make recommendation to the Sub-Code Authority which shall take such action as it deems necessary. All persons subject to this Code shall submit to the Panel such facts and figures pertinent to any controversy within the jurisdiction of the Panel, as the Panel may request. In the event that either party desires to appeal from the findings of the Panel, the matter shall then be referred to the American Arbitration Association.

"3. In the event of an unsettled dispute between buyer and seller, the seller must report the dispute to the Sub-Code Authority. The buyer may refer his case through the appropriate Sub-Code Authority to the Panel on Trade Disputes and Unfair Practices of the Division, if he so elects, or may take the matter direct to the American Arbitration Association.

"4. A copy of the findings in any arbitration either by the Panel or by the American Arbitration Association shall be promptly for-

warded to the Sub-Code Authority and may at the discretion of that Authority be published to the members of the Division concerned.

## “ARTICLE XV—GENERAL

“1. The employment of any subterfuge to circumvent this Code or any provision thereof shall be regarded as a violation thereof.

“2. By presenting this Code the members of the Industry assenting thereto do not thereby consent to any modifications thereof and they reserve the right to object individually or jointly to any such modifications.

“3. Where the rules of practice or merchandising for any Division require or permit the filing of prices and/or samples, and price files and/or sample files shall not be available for inspection by members of the Division, but members of the Division will be entitled to ask at reasonable times for information contained in said files, which information shall be furnished by those in charge of the files.

## “SCHEDULE I

“For the purposes of this Code, the following groups of persons engaged in the Wool Textile Industry shall constitute the respective divisions of the Industry. Such divisions may be subdivided, combined, or realigned from time to time by the Board of Directors of the National Association of Wool Manufacturers.

“I. Worsted Men’s Wear

“II. Worsted Women’s wear

“III. Carded Men’s wear

“IV. Carded Women’s wear

“V. Blankets

“VI. Cotton Warps

“VII. Knitted Woolen Goods

“VIII. Worsted Spinners (sales yarn) Bradford System

“IX. Worsted Spinners (sales yarn) French System

“X. Carded Spinners (sales yarn)

“XI. Combers

“XII. Wool scourers and carbonizers

“XIII. Piece Goods Selling

“XIV. Reworked wool

“XV. Topmakers

“For the purpose of the ‘Rules of Practice and Merchandising for the Piece Goods Selling Division’, this Division shall be composed of the active members making Worsted Men’s Wear, Worsted Women’s Wear, Carded Men’s Wear, Carded Women’s Wear, Cotton Warps, and Knitted Woolen Goods.

“Each member of said Division shall vote either individually or through a duly appointed representative.”

Approved Code No. 3—Amendment No. 1.  
Registry No. 286-04.

